



COUNTY OF HUMBOLDT

For the meeting of: 11/7/2023

File #: 23-1450

To: Board of Supervisors

From: DHHS: Administration

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Intergovernmental Agreement with the California Department of Health Care Services Regarding the Transfer of Public Funds

RECOMMENDATION(S):

That the Board of Supervisors:

1. Waive the requirements of the Humboldt County Nuclear-Free Ordinance with regard to the attached intergovernmental agreement with the California Department of Health Care Services;
2. Approve, and authorize the Department of Health and Human Services Director, or a designee thereof, to execute the attached intergovernmental agreement with the California Department of Health Care Services regarding the transfer of public funds;
3. Authorize the Department of Health and Human Services, or a designee thereof, to execute any and all subsequent amendments to, and any other agreements, certifications, attestations and documents directly associated with, the attached intergovernmental agreement with the California Department of Health Care Services, after review and approval by County Counsel, Risk Management and the County Administrative Office;
4. Authorize the Department of Health and Human Services to transfer up to \$3,187,714 to the California Department of Health Care Services in the first quarter of calendar year 2024, as directed by the California Department of Health Care Services; and
5. Direct the Clerk of the Board to provide the Department of Health and Human Services - Contract Unit with one fully executed, certified copy of the Board Order related to this Item.

SOURCE OF FUNDING:

Federal and State Medi-Cal; County Health Realignment

DISCUSSION:

As part of the fiscal year 2012-2013 state budget, the State of California authorized expansion of Medi-Cal managed care into counties that had previously provided Medi-Cal benefits on a fee-for-service basis only. On May 14, 2013, the Humboldt County Board of Supervisors (Board) adopted Ordinance 2501 authorizing the County of Humboldt to join the Partnership HealthPlan of California (PHC), a

regional County Organized Health System model of Medi-Cal managed care. PHC began administering Medi-Cal managed care in Humboldt County on Sept. 1, 2013.

California Welfare and Institutions Code, sections 14164 and 14301.4 provides for a voluntary Intergovernmental Transfer (IGT) program. California counties participating in Medi-Cal managed care, including the County of Humboldt as a member of PHC, qualify for additional federal Medicaid funds for health services if they enter into IGT agreements with the California Department of Health Care Services (DHCS).

The Humboldt County Department of Health and Human Services (DHHS) is eligible to participate in an IGT that draws down additional federal funds for the provision of Medi-Cal services in Humboldt County. The State of California and DHHS have existing contracts with PHC for calendar year 2022 which makes DHHS eligible for IGT funds for calendar year 2022. DHHS has participated in the IGT program for each of the previous 8 fiscal years.

Pursuant to the terms and conditions of the attached intergovernmental agreement with DHCS, DHHS will be required to transfer up to \$3,187,714 in local funds, which includes \$2,550,171 in Humboldt County IGT funds and a 20% state administrative fee of \$637,543, to DHCS in the first quarter of calendar year 2024, as directed by DHCS. The required transfers will be funded with realignment revenues received by DHHS.

Upon receipt of the transferred funds, the State of California will increase PHC rate payments for calendar year 2022. The new payments will be made up of local transferred funds and new federal funds. After the above-referenced state administrative fees are deducted, PHC will receive the funds. PHC will deduct a 3% administrative fee and will distribute the remaining funds, which are estimated to total approximately \$4,947,332 to DHHS, as their contracted medical provider, for calendar year 2022. The transfer process will result in approximately \$1,759,618 in new funds to provide additional health services to Medi-Cal beneficiaries residing in Humboldt County.

FINANCIAL IMPACT:

Expenditures (1160-511)	FY23-24	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$3,500,000.00	\$3,500,000.00	\$3,500,000.00
Total Expenditures	\$3,500,000.00	\$3,500,000.00	\$3,500,000.00
Funding Sources (1160-511)	FY23-24 Adopted	FY24-25 Projected*	FY25-26 Projected*
Fees/Other	\$3,500,000.00	\$3,500,000.00	\$3,500,000.00
Total Funding Sources	\$3,500,000.00	\$3,500,000.00	\$3,500,000.00

**Projected amounts are estimates and are subject to change.*

As noted above, the attached intergovernmental agreement with DHCS will require DHHS to transfer up to a total of \$3,187,714 in local realignment funds to DHCS in the first quarter of calendar year 2024. Upon the receipt of the returned funds from the State of California to PHC, PHC will issue

payment to DHHS. It is anticipated that PHC will issue a payment in the amount of \$4,947,332. Of that amount, \$3,187,714 will offset the initial transfer while the remaining \$1,759,618 will be new revenue for the County of Humboldt. The transfer of funds will occur out of DHHS - Social Services budget unit 1160-511 through a transfer line the returned funds will be deposited to this line item to offset the initial wire transfer. The fiscal year 2023-2024 approved budget includes the anticipated revenue to be received at \$3.5 million and will be included in the proposed budget for fiscal year 2024-2025 based on actual received transfers in FY 2023-2024.

STAFFING IMPACT:

Approval of the attached intergovernmental Agreement with DHCS will not impact current staffing levels.

STRATEGIC FRAMEWORK:

The recommended actions support the following areas of the Board of Supervisors' Strategic Framework.

Core Roles: Create opportunities for improved safety and health

New Initiatives: N/A

Strategic Plan: N/A

OTHER AGENCY INVOLVEMENT:

Partnership HealthPlan of California; Federal Centers for Medicare and Medicaid Services

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The board may choose not to approve the attached intergovernmental agreement with DHCS regarding the transfer of public funds. However, this alternative is not recommended since it will not allow DHHS to receive additional federal funds for health programs and services associated with the Medi-Cal managed care health plan.

ATTACHMENTS:

1. Intergovernmental Agreement with the California Department of Health Care Services Regarding the Transfer of Public Funds

PREVIOUS ACTION/REFERRAL:

Board Order No.: H2

Meeting of: 04/23/13

File No.: N/A